

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. 116 ~~L-000000B-01-0116~~ **L-000000AA-01-0116**
OF ALLEGHENY ENERGY SUPPLY) DOCKET NOS. ~~L-000000B-01-0116~~
COMPANY, L.L.C., FOR A CERTIFICATE) ~~L-000000B-01-0116~~
OF ENVIRONMENTAL COMPATIBILITY)
FOR CONSTRUCTION OF A 1,080 MW)
(NOMINAL) GENERATING FACILITY IN) **STAFF'S REQUEST FOR REVIEW**
SECTION 35, TOWNSHIP 3 NORTH,
RANGE 11 WEST IN LA PAZ COUNTY,
ARIZONA AND ASSOCIATED
TRANSMISSION LINE AND
SWITCHYARDS BETWEEN AND IN
SECTION 35, TOWNSHIP 3 NORTH,
RANGE 11 WEST AND SECTIONS 23-26,
TOWNSHIP 3 NORTH, RANGE 11 WEST
ALSO IN LA PAZ COUNTY, ARIZONA.

Arizona Corporation Commission
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ARIZONA CORPORATION COMMISSION
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Staff of the Utilities Division of the Arizona Corporation Commission ("Staff") hereby respectfully requests review of the decision of the Arizona Power Plant and Transmission Line Siting Committee ("Committee") to grant a Certificate of Environmental Compatibility ("CEC") for construction of a 1,080 MW generating facility and associated transmission line and switchyards. Staff's grounds for review is that the CEC approved by the Commission should include all of Staff's proposed conditions advocated by Staff in the proceedings before the Committee. Those conditions are included herein, attached as Exhibit A. Staff believes that balancing "the need for an adequate, economical and reliable supply of electric power with the desire to minimize the effect thereof on the environment and ecology of this state", pursuant to A.R.S. § 40-360.07(B), makes these conditions necessary as part of the CEC approved for this project. In Staff's opinion, the record supports and compels adoption of Staff's proposed conditions, which are consistent with Staff's position in similar siting applications.

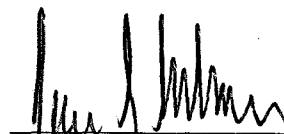
Therefore, Staff respectfully requests that the Commission review this matter pursuant to A.R.S. § 40-360.07 and find that, in balancing the implicated public interests, the CEC should be modified to include all of Staff's proposed conditions in Exhibit A. Adoption of Staff's proposed conditions will ensure that Applicant's project will only proceed to construction if it

1 has no adverse impact on the existing transmission system in Arizona or the operability of
2 existing or other new Arizona generation plants that precede Applicant's project. Without this
3 assurance, the record demonstrates that the proposed project will not meet the statutory "need"
4 test by compromising the ability to ensure reliable, adequate and economical power in Arizona.
5 Consequently, any balancing of the public interest will weigh in favor of protecting Arizona's
6 environment and ecology from harm. Staff believes that the Commission should consider denial
7 of the Application if Staff's proposed conditions in Exhibit A are not included as modification to
8 the CEC issued by the Committee.

9 Staff also believes that Condition No. 40 in the CEC issued by the Committee should be
10 amended to include the Arizona Department of Environmental Quality as a state agency to which
11 the Applicant must send an annual self-certification letter.

12 Staff would further request that a procedural order be issued setting a schedule for
13 briefing and oral argument on the requests for review filed by the parties. Staff also reserves the
14 opportunity to address other matters raised by any party on review, including additional
15 recommendations by Staff as a result of other parties' positions herein.

16 RESPECTFULLY SUBMITTED this 14th day of February, 2002.

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1 Pursuant to R14-3-204 the
2 ORIGINAL and twenty-five
3 copies were filed this 14th day of
4 February, 2002 with:

5 Docket Control
6 Arizona Corporation Commission
7 1200 West Washington Street
8 Phoenix, Arizona 85007

9 COPY of the foregoing was
10 mailed/hand-delivered this 14th
11 day of February, 2002, to:

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Deborah Amaral

EXHIBIT A

STAFF'S PROPOSED CONDITIONS FOR MODIFICATION OF THE CEC

8. Applicant shall build two transmission lines connecting the Applicant's plant switchyard to the transmission grid on separate structures separated by a minimum of 200 feet.

(To substitute for Condition No. 8 in the CEC granted by the Committee)

11. Prior to construction of any facilities, Applicant must provide Staff a Detailed Planning Study report, reviewed and approved by the WATS Committee, demonstrating that the proposed Allegheny project has "no adverse impact" on the existing or planned Arizona transmission system and no adverse impact on the ability of existing or planned generation, with an ACC approved CEC, interconnecting at the Palo Verde Hub to deliver to their markets. If transmission improvements are required to achieve such technical demonstration, Applicant agrees to participate in the funding of such required facilities and ensure that construction of such facilities precedes occurrence of known transmission reliability and system security problems. Failure of such study to demonstrate a condition of "no adverse impact" on Arizona transmission and generation facilities shall result in Applicant's CEC being null and void.

(To substitute for Condition No. 11 in the CEC granted by the Committee)

12. Applicant agrees to participate in all future workshops and technical studies regarding the reliability and system security of the Palo Verde Hub. Furthermore, Applicant agrees to participate in funding of any and all transmission upgrades deemed necessary by Arizona transmission providers and Commission Staff to bring the Palo Verde Hub to the level of reliability and system security determined appropriate for a large commercial hub.

(To substitute for Condition No. 12 in the CEC granted by the Committee)

40. The Applicant, its successor(s) or assign(s) shall submit a self-certification letter annually listing which conditions contained in the CEC have been met. Each letter shall be submitted to the Utilities Division Director on August 1, beginning in 2002, describing conditions which have been met as of June 30. Attached to each certification letter shall be documentation explaining, in detail, how compliance with each condition was achieved. Copies of each letter, along with the corresponding documentation shall also be submitted to the Arizona Attorney General and the Directors of the Department of Environmental Quality, Department of Water Resources and Department of Commerce Energy Office.

(This condition is the same as Condition No. 40 in the CEC granted by the Committee, except for the fact that it adds the Arizona Department of Environmental Quality to the list of state agencies where a self-certifying letter shall be sent).

41. Applicant shall provide the Commission with a Palo Verde Transmission System E&O approved operational study report not more than 90 days preceding and not less than 60 days preceding commercial operation of its power plant. That study shall demonstrate that sufficient transmission capacity exists at the Palo Verde Hub to accommodate the plant without reliance on remedial action schemes for single contingency outages. The studies shall model the Applicant's plant overlaid with all other power plants expected to be in operation and interconnected to the Palo Verde Hub prior to Applicant's plant. Failure of such studies to demonstrate the required reliable operation with Applicant's plant will result in suspension of commercial operation of Applicant's plant until needed transmission system improvements are made and the intent of this condition is satisfied.

(To be added to the CEC as Condition No. 41)